



ARIZONA STATE RETIREMENT SYSTEM

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Paul Matson
Director

MINUTES OF A PUBLIC MEETING OF THE ARIZONA STATE RETIREMENT SYSTEM OPERATIONS COMMITTEE

HELD ON
Wednesday, July 18, 2012
12:30 p.m., Arizona Time

The Operations Committee (OC) of the Arizona State Retirement System (ASRS) met in public session in the 14th Floor Conference Room of the ASRS Office, 3300 North Central Avenue, Phoenix, Arizona 85012. Mr. Jeff Tyne, Chair, called the meeting to order at 12:30 p.m.

1. Call to Order; Roll Call; Opening Remarks

Present: Mr. Jeff Tyne, Chair
Mr. Mike Smarik, Vice-Chair
Mr. Brian McNeil

Absent: None

A quorum of the Committee was present for the purpose of conducting business.

2. Approval of the April 28, 2012 Minutes of the OC Meeting

Due to the new composition of the OC, Mr. Tyne accepted the minutes as presented.

3. Presentation, Discussion and Appropriate Action Regarding the ASRS Proposed Budget Requests for Fiscal Years 2014 and 2015

After some opening remarks, Mr. Anthony Guarino, Deputy Director and Chief Operations Officer, introduced Mr. Russ Levine, Budget and Procurement Manager, who addressed the Committee regarding the Fiscal Year (FY) 2013 Budget Appropriation and FY 2014 and FY 2015 budget submission. Mr. Levine gave an overview and then introduced Ms. Valerie Burkett, Project Manager, Technology Services Division (TSD), who gave a presentation on the Oracle Forms and Reports Modernization Project. Mr. Levine then led discussions of other budget areas in the submission including technology risk management strategies, technology resources conversion to full-time equivalents, the Long Term Disability program administration, and the continuously appropriated funding projections for FY 2014 and FY 2015.

Motion: Mr. Brian McNeil moved the Committee accept and forward to the ASRS Board an

appropriated budget request for Fiscal Year 2014 in the amount of \$26,681,500 and a budget request for Fiscal Year 2015 in the amount of \$27,218,500. The total amounts requested for the operating budget in each fiscal year may change due to rate adjustments determined by the Arizona Department of Administration. This request includes the first two years of a five-year technology project with total associated funding requirements of \$10,214,500. Mr. Mike Smarik seconded the motion.

By a vote of 3 in favor, 0 opposed, 0 abstentions, and 0 excused, the motion was approved.

4. Presentation, Discussion and Appropriate Action Regarding an ASRS External Security Audit

Motion: Mr. Mike Smarik moved the Committee adjourn into Executive Session. Citing no objections, Mr. Tyne adjourned the Regular Session at 1:40 p.m.

The Committee reconvened into Regular Session at 2:13 p.m.

5. Presentation, Discussion and Appropriate Action Regarding the Retiree Health Insurance Contract Renewal

Due to time constraints, this item was tabled to a future OC meeting.

6. Review of Recently Conducted Audits

- **Town of Gilbert**

Mr. Bernard Glick, Chief Internal Auditor, presented the Committee with the audit of the Town of Gilbert (Town). There were three findings: 1) the Town did not remit contributions for 22 employees who received an annual vehicle allowance for which proof of actual mileage was not required, 2) the Town did not remit ASRS contributions for 11 employees who worked at least 20 hours per week for at least 20 weeks in one or more fiscal years, and 3) the Town did not request a refund for remitted contributions on nine ineligible members. The amount due the ASRS is \$62,735.

7. Request for Future Agenda Items

No requests were made.

8. Call to the Public

No members of the public addressed the Committee.

9. Adjournment of the OC

Motion: Mr. Smarik moved the Committee adjourn. Mr. McNeil seconded the motion.

By a vote of 3 in favor, 0 opposed, 0 abstentions, and 0 excused, the Committee adjourned the meeting at 2:28 p.m.

Respectfully Submitted by,

Zachary Kucera
Committee Secretary

Date

Anthony Guarino
Deputy Director and Chief Operations Officer

Date